BellSouth's Harmonized Section 272(e)(1)
Performance Measurements Proposal—
Additional Information

June 9, 2004





- BellSouth Performance Metrics Proposal Recap
- Additional Information on BellSouth's Proposal
- Response to JCIG Concerns
- Other Issues



### **BellSouth Proposal Recap**

- BellSouth proposed a Single Set of "Harmonized" Section 272(e)(1)
   Performance Measurements to address 4 dockets:
  - Non-Accounting Safeguards (Dkt 96-149)
  - Special Access (Dkt 01-321)
  - Dom/Non-Dom (Dkt 02-112)
  - BellSouth 272 Biennial Audit (Dkt 03-197)
- No separate plan is needed for Special Access
  - The special access market is competitive
  - Special access is a premium service
    - BellSouth is committed to providing excellent service to its special access customers and must continue to do so to remain competitive
  - Interstate special access tariffs provide robust service guarantees
  - Negotiation works and offers a better tool to address the specific needs of individual carriers in the special access marketplace



### >> Additional Information on BellSouth's Proposal

- To compare relative performance, BellSouth uses a modified Z– test with a fixed Critical Value
- Entities included in the Analog as prescribed by 272 Joint Oversight Team for BellSouth
  - BellSouth 272 Affiliate BSLD
  - BellSouth Telecommunications and its Other Affiliates, which include:
    - BST (d/b/a) BellSouth.net
    - BellSouth IntelliVentures
    - BellSouth Advance Network / BS Information Systems
    - BellSouth International
    - · End-User Customers that order access through the large business channel
    - Cingular
- All other access subscribers are included in the Non-Affiliates category



## >> JCIG Concern #1: "Poor ILEC performance continues to be a problem"

- This concern does not apply to BellSouth
- JCIG claims that ILECs:
  - "Fail[] to provide timely provisioning of special access circuits" and
  - "Fail[] to repair circuits promptly"
- BellSouth's performance for Non-Affiliates is solid
  - Firm Order Confirmation (FOC) for GA and FL, 2/04 4/04
    - 93% of DS0/DS1 receive FOC within 2 Business Days
    - 90% of DS3 & above receive FOC within 5 Business Days
  - On Time Performance to FOC Due Date for GA and FL, 2/04 4/04
    - DS0/DS1 96% met
    - DS3 & above 97% met

### >> JCIG Concern #1 (Continued)

#### More evidence of BellSouth's solid performance

Failure Rate for GA and FL, 2/04 – 4/04

• DS0/DS1 2.2%

• DS3 & above 0.5%

Average Repair Interval for GA and FL, 2/04 – 4/04

• DS0/DS1 2.8 hours

DS3 & above
 1.3 hours

 New Installation Trouble Report Rate (30 days) for GA and FL, 2/04 – 4/04

• DS0/DS1 5.8%

DS3 & above 3.4%

### BellSouth 272 Audit Results confirm BellSouth's high quality performance

Performance criteria satisfied

## >> JCIG Concern #2: There need to be minimum performance standards

- BellSouth agrees that performance should be measured against a standard, but that standard should be parity:
  - Performance measured against benchmarks will be misleading because of seasonality and events beyond BellSouth's control, e.g., severe weather
  - JCIG benchmarks are arbitrary, unrealistic, and burdensome
- Parity should be measured against an ILEC analog
  - BellSouth applies the same processes to serve affiliates and nonaffiliates. The FCC has consistently found that in such situations, a parity standard is superior to benchmarks for assessing the quality and timeliness of performance.
  - The Section 272 standard against which BOC performance has been measured is Parity. The service analogs BellSouth has proposed are those it uses to meet its 272 reporting obligations.
  - Unless it adopts a parity standard, the Commission will be unable to find a common solution to the issues posed by the four dockets identified on page 3 of this presentation.





# >> JCIG Concern #3: BellSouth's proposal "fails to capture critical data" or "report on 'bad news' "

- Although JCIG asserts that BellSouth does not track "what happens to FOCs that are not returned within the time frames proposed under FOCT2 or installation appointments that are not met under PIAM2,"
  - JCIG simply proposes to track the number of late FOCs
    - · It proposes no measurement, so offers no basis for evaluating performance
    - JCIG SA-2 does not capture "non-returns." It is simply the complement of BellSouth's proposed FOCT2, and thus gives regulators no new information
  - JCIG "Days Late" measure is not useful for performance evaluation
    - This measurement can have skewed results due to high "on-time" performance results
    - The metric, by itself, does not form a valid basis for any conclusion about performance





# JCIG Concern # 4: BellSouth's proposal creates "No incentive for ILEC to act once due date passed"

- JCIG's concern ignores the strong incentives that BellSouth already possesses to act once a due date has passed. BellSouth is highly motivated to act if such situations arise because:
  - It faces robust competition
  - The services at issue are premium services
  - Delay in installation equals delay in revenue
- No additional incentive is required to assure prompt service

## >> JCIG Concern #5: There is no Repeat Trouble Measurement

#### Repeat Trouble Measure is not needed

- Duplicate troubles are captured in BellSouth proposed New Installation Trouble Report Rate (NITR2) and in its Failure Rate (CTRR2)
- As a measure of performance quality, Repeat Troubles may be misleading
- A Repeat Troubles metric could mischaracterize the quality of services provided by a carrier with high network reliability



- Every BellSouth end user subscribing to access services is included in one of the two categories into which BellSouth proposes to disaggregate customers of access services.
- The FCC's concern should be: "Is BST giving preferential treatment to itself and its affiliates?"
- Aggregate reporting gives a more accurate answer to this question than individual carrier reports
  - FCC has found aggregate reporting to be right for monitoring performance under Section 272
  - Unless an individual carrier customer serves the same geographic, product and demographic market as BST, performance comparisons may lead to misleading conclusions
- JCIG and BellSouth agree on the level of product and geographic disaggregation
- Customer specific performance results are already available to carriers as part of their negotiated business arrangement with BellSouth
  - Mandated carrier specific results remove quality as a competitive differentiator as a factor in negotiating arrangements





### JCIG Concern # 7: BellSouth's proposal departs from industry norms because "New Installation Trouble Report Rate is limited to troubles that occur within 5 days of installation."

- There is no prescribed Industry Norm
  - Currently reports can be found in which 5,7,10, and 30 days are used to define what constitutes "new installation troubles"
  - 5-day standard has been used for decades
- BellSouth proposes a 5 day period for New Installation Troubles
  - Troubles associated with the service order activity are more likely to happen within the first 5 days of the provisioning activity
  - Troubles received after this point are commonly associated with normal maintenance activity
- The important point is to limit number of days to ensure a valid indicator of installation quality instead of reporting on Network Reliability a second time





#### >> Miscellaneous JCIG Concerns

- JCIG Concern #8: BellSouth's proposal lacks "definitions for key terms"
- BellSouth is agreeable to adding necessary definitions and other clarifications – we want clear rules as well
- JCIG Concern # 9: There is a need for "tracking 'carrier caused or end user misses'"
  - Measures should only reflect BellSouth's performance. Simply tracking access customer/end-user behavior provides no basis for assessing BellSouth performance.
- JCIG Concern # 10: BellSouth's proposal includes no data retention commitment
  - BellSouth's Data Retention Policy for Special Access is to retain the performance raw data file for a period of 18 months, and further retain the monthly reports produced in PMAP for a period of three years.





# >> Other Issues: JCIG Measures would compel BellSouth to make operational changes

JCIG proposal	Impact on operations
SA-1 (FOC Receipt)	Project design and facility engineering
SA-2 (FOC Receipt Past Due)	processes would have to be redesigned in order to achieve the 2/5 day standard for SA-
Projects are included in both metrics	1 and to achieve the < 2% standard for SA-2.
SA-3. (Offered vs Requested Due Date) -Defines standard interval for DS0 through DS3	-Operational processes/systems would have to be dramatically changed, at significant cost, to offer JCIG proposed standard interval.
-Projects are included and calculations are based on ILEC stated interval	-Due to the variety and complexity of projects, intervals are negotiated, making it difficult, if not impossible, to derive "stated" intervals that would fit all situations.
SA-4 (On Time Performance), SA-5 (Days Late) and SA-7 (Past Due Circuits)	Requires ILEC techs to sit idly while waiting for carrier to correct the situation, causing delays in provisioning orders for customers
Must allow reasonable period of time for carrier to correct CNR	that are ready.
SA-10 (Mean time to Restore) (09/02 ver)  No Access to customer's premise must be	Additional processes would be costly and burdensome, with no additional benefits.
validated before this delayed time can be excluded.	@ BELLSOUTH

### Other Issues: How Performance Measures should be used for Enforcement

- The FCC lacks authority to impose automatic, involuntary penalties
  - Damages, penalties, forfeitures or transfer payments can only be ordered under the specific circumstances provided by statutory authority found in 47 USC
  - Neither Section 503 nor Section 208 permits automatic penalties
- Purpose of Harmonized 272 metrics should only be to answer the question: "Is the BOC giving preferential treatment to itself or its affiliates?"
- BellSouth's 272 metrics proposal supports traditional enforcement mechanisms
  - Consistent data, available monthly, will enable other parties to more effectively make 208 complaints
  - FCC Enforcement should be limited to action on 208 complaints
- Any proposal to extend Enforcement beyond the 208 process should include clearly defined "safe harbors" and opportunities for informal resolution of issues





# Other Issues: How A Performance Metrics Plan should allow for some flexibility

- BOCs can develop their own Measurement Rules within a basic structure defined by the FCC
- Generally, the basic structure should include the ordering, installation and maintenance metrics presented in the BellSouth proposal
- Generally, basic structure should be defined. For example:
  - FOC Timeliness exclude projects
  - Installation Appointment Met exclude order types, e.g., Disconnects
  - New Installation Trouble Report Rate define exclusions and uniform measurement interval
  - Average Repair Interval define excludable time and certain trouble codes, e.g., Test OK (TOK)
  - PIC Change define types of changes to be excluded
- Generally, the structure should accommodate operational differences and varying reporting dimensions
  - Circuits vs. Orders
  - Hours vs. Days
  - Standard intervals used to define measures
- It is important to have a core set of defined requirements for consistency across FCC Bureaus
- BOCs request a waiver if needed to accommodate operational issues



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### >> Other Issues: How to measure parity when volume is low

- Low Volume should not be a significant barrier to using analogs to measure performance
  - Analogs are required for 272 monitoring
  - Region wide data can become the surrogate whenever there are low volumes at the state level for a specific measure
  - In some cases, low volumes are related to better performance in other measures
    - Good performance for Failure Rate contributes to high Average Repair Interval and Repeat Trouble results
    - Good performance on Appointments Met contributes to low results on JCIG proposed Days Late Measure

### >> Miscellaneous Other Issues

#### Issue of "Orders Never Worked"

- Not a problem because orders never worked means revenues never earned
- Self-policing
- No proposal from any entities indicating problems or need to address

#### The traditional Order Completion Interval (OCI) is not useful in this market

- Measure results will be different due to the requested interval by parties
- Customer Desired Due Date (CDDD) policy removes the usefulness of the OCI metric

#### CDDD Accommodation

- BellSouth makes every effort to accommodate CDDD
- BellSouth has designed standard intervals that meet demand of most customers
- Because CDDD is customer driven, it does not lend itself to standard measurement



### >> SUMMARY

- BellSouth's proposal addresses issues in 4 different dockets
- Special access market is different from UNE market
- Analogs are appropriate standard required for 272
- JCIG has provided no sound basis to adopt their measures instead of BST's
- Comparison of aggregate data is all that is necessary to monitor; carrier specific should be left to the marketplace
- FCC should define basic structure, and accommodate operational differences